

## **JOINT CAPITAL PLANNING COMMITTEE**

### **FY 13 Recommendation Summary**

The Joint Capital Planning Committee (JCPC) recommends that 6.50% of the local property tax levy be committed to the capital plan for Fiscal Year 13, an increase of 0.05% from FY 12. This brings the percentage back up almost to the level in FY 10, after an all-time low of 5.64% in FY 11. To meet this limit JCPC has postponed more than \$407,285 in expenditures initially proposed for FY 13.

In addition to property taxes, money for the recommended Five Year Capital Plan will come from enterprise and other special purpose funds of the Town, grant funds from the federal and state government and from unexpended balances from previously authorized capital projects. Besides funding outright purchases, the capital budget pays off debt incurred previously for capital projects; the FY 13 plan includes the second year of debt service on \$4.5 million in borrowing Town Meeting approved in November 2010 to start repairing the Town's deteriorating roads.

In addition, the Community Preservation Act Committee recommends projects to be paid for from Community Preservation Act (CPA) funds as detailed in the separate report from the Community Preservation Act Committee. These projects are shown in purple type in the later pages of this JCPC report, as is a total of \$123,834 for repayment in FY 13 from CPA funds of debt incurred for previously approved CPA projects and \$407,000 for various building and facilities projects.

Recommendations for FY 13 General Fund capital plan funding total \$3,153,200 and include \$1,488,804 for equipment, \$426,396 for buildings and \$1,238,000 for facilities.

#### **Why Capital Planning?**

JCPC, comprising two representatives each from the Select Board, School Committee, Jones Library Board of Trustees, and Finance Committee, advises the Town Manager, Finance Committee, and Town Meeting on the capital needs of the Town. It was organized in 1992 as the Town began to recover from the fiscal crisis of the early 1990s, when state aid was reduced, property tax limits were imposed, and the Town used reserves and unexpended capital appropriations to balance three years of operating budgets. Capital needs were so neglected that antiquated equipment did not work; building maintenance and repairs fell far behind. It has taken 20 years of careful planning and management to get equipment on regular replacement schedules and buildings free of some of the health and safety problems that arose from failure to keep up those facilities during that period.

After several years of decreased state aid, many cities and towns, including Amherst, are faced with often-conflicting needs to meet increasing operating expenses, satisfy capital needs, and rebuild reserves. The Financial Management Policies and Objectives adopted by the Finance Committee in January 2008 and reviewed by JCPC acknowledge the need to adequately fund a viable multi-year capital plan to maintain infrastructure, replace worn equipment, and provide for other long-range capital assets.

### **What are Capital Improvements?**

A capital improvement is a tangible asset or project with an estimated useful life of five (5) years or more, and a cost of \$5,000 or more. Among the items properly classified as capital improvements are:

- New public buildings, or additions to existing buildings, including land acquisition costs and equipment needed to furnish the new building or addition for the first time;
- Major alterations, renovations, or improvements to existing buildings that extend the useful life of the existing buildings by ten (10) years;
- Land acquisition and /or improvement, unrelated to a public building, but necessary for conservation or park and recreation purposes;
- Major equipment acquisition, replacement or refurbishment, including but not limited to vehicles, furnishings, and information technology systems' hardware and software; or other items that combined in purpose together make it a Capital Project;
- New construction or major improvements to Town's physical infrastructure, including streets, sidewalks, storm water drains, the water distribution system, and the sanitary sewer system. Infrastructure improvements must extend the useful life of the infrastructure by at least ten (10) years to be appropriately classified as a capital improvement;
- A feasibility study, engineering design services, or consultant services which are ancillary to a future capital improvement project.

### **How Are Capital Needs Prioritized?**

JCPC reviews requests for capital plan funding that meet several criteria. Successful capital planning facilitates postponing some capital expenditures in favor of others as part of the planning process. JCPC has adopted the following guidelines for prioritizing capital projects, with examples listed in parentheses. The guidelines themselves are not necessarily listed in priority order:

- Imminent threat to health and safety of citizens, employees or property (police cruisers and radios, self-contained breathing apparatus for firefighters);
- Maintenance and improvement of capital assets (major repairs of buildings, replacement of vehicles and equipment, park and play area renovations);
- Requirement of state or federal law (asbestos cleanup program mandated by federal law in 1986, removal of gas tanks, etc);
- Improvement of the infrastructure (streets and sidewalks, water and sewer programs);
- Improvement/maintenance of productivity (equipment replacement, computer hardware / software);
- Improvement of an overburdened situation (Town Hall renovations, cemetery expansion program);
- Newly identified need (recreation fields);
- Priority assigned by Department (Very High, High, Medium, Low); and
- Consistency with and in furtherance of long-term planning objectives of the Town (Master Plan, Climate Action Plan, Historic Preservation Plan, etc.).

### **Where Does The Money Come From?**

Funds for the recommended Five Year Capital Plan will come from the same sources as before: property taxes, enterprise and other special purpose funds of the Town, grant funds from the federal and state government, and from unexpended balances from previously authorized capital projects. This plan assumes commitment of 6.50% of the local property tax levy in FY 13.

Earlier capital plans used as much as 10% of the tax levy, which along with the other resources was enough, or almost enough, to keep up with renovation and maintenance of existing buildings and equipment replacement, but not enough to cover significant new projects. We haven't come close to this goal since FY 07.

Using just 6.50% of the levy, JCPC has had to postpone or eliminate more than \$407,285 in expenditures initially proposed for FY 13.

### **The Recommended Capital Plan – A One Year Budget, A Five Year Plan**

The General Fund Five Year Capital Plan for FY 13-17 includes voted appropriations from FY 12, a proposed budget for FY 13, and a tentative plan of capital investment for the period FY 14-17. Next year JCPC will update the plan to balance projected expenditures with projected available revenues for subsequent years. The total capital budget in any fiscal year is comprised of direct cash expenditures for capital items, debt service (interest and principal) on all prior bonded expenditures, and debt service on new authorized and issued bonds, if any. The plan is organized into three categories of projects: major equipment (vehicles, technology, etc.), building needs, and facilities needs (road maintenance, parks, open space, etc.). Included in the plan are recommendations developed by the Community Preservation Act (CPA) Committee for eligible community housing, open space, historic preservation, and recreation projects funded from the local voter-approved 1.5% property tax CPA surcharge and matching state funds. JCPC appreciates the CPA Committee's cooperation and coordination of their recommendations to allow presentation of both plans at the Annual Town Meeting. Recommendations for FY 13 capital plan funding total \$3,153,200, plus Community Preservation Act projects of \$530,834 and include the following:

#### **Equipment [Note: Included in 2012 ATM Article 16 unless otherwise noted]**

JCPC recommends a total of \$1,488,804 for equipment items. Of this total, the Ambulance Fund supplies \$255,000 for a new ambulance and defibrillators; borrowing accounts for \$275,000 for police radio equipment and a large DPW sander truck; repurposed old capital appropriations account for \$33,000; and taxation funds the remaining \$925,804.

Town technology infrastructure equipment replacement (computers and network equipment) is recommended for \$123,000 and includes scheduled replacements of servers, PCs, printers, routers, switches, and other critical Town technology systems. Other Town technology-related items include \$16,500 to purchase a high volume photocopier for Town Hall, \$25,000 to upgrade the Wi-Fi system in the Town center and public buildings, and \$10,000 to continue scanning public documents in order to reduce storage demands in Town Hall and increase public access to these documents.

JCPC recommends \$140,000 for the replacement of four police cruisers. The Amherst Police Department currently utilizes 11 marked police vehicles (black and white) and 3 unmarked police vehicles (silver) for routine patrol. Chief Livingstone has revised the department's longstanding protocol for vehicle replacement by replacing patrol vehicles after they reach approximately 100,000 miles and administrative vehicles after they reach approximately 120,000 miles. This results in a reduction from four to three for the annual replacement of vehicles and the need to replace an additional fourth vehicle only once every three years on average. This year is one of these years when we need to purchase four vehicles. In addition, \$125,000 is recommended to replace completely the Police radio system. Federal regulations require all public safety radio systems to convert to a narrow-band system by January 2013.

Fire equipment includes \$18,000 for thermal imaging cameras, and \$24,000 to replace portable radios on Engines 3, 4, 5 and the Ladder truck. The original thermal imaging cameras were procured for the Fire Department through a fund-drive in 2000 after the Worcester Fire Department lost seven firefighters in the Cold Storage Warehouse fire in December 1999. The shelf life is 10 years and the units have begun to experience failures and need to be replaced. New technology also makes the units more efficient and lighter, and gives a clearer picture of the environment in smoke. Thermal imagers are essential equipment for today's firefighters to locate trapped victims in a building and to locate fire hidden in walls and ceilings. This is the final year of a three-year replacement project. The Fire Department must replace its backup communication equipment in order to comply with federal requirements for narrow band public safety radio equipment. The portable radios are due for replacement; they were procured originally under a federal grant in 2002. This is year two of a three year ongoing effort to replace our portable radios. Most of the portable radios on the engines, ladder, and ambulances are near the end of their service life of 10-12 years. In FY 12 the Fire Department replaced twelve portable radios on Engine 1 and Engine 2. In FY 13 the Department will replace the portable radios on Engine 3 and Engine 4, and on five ambulances for a total of twenty-four new units. The Department is also using \$255,000 of Ambulance Funds to replace an ambulance purchased in 2003 that has over 173,000 miles and to replace five defibrillators.

The Public Works Department is recommended to receive three badly needed trucks. These include \$60,500 for a one ton dump truck with plow assigned to the Highway Division, \$40,000 for a ¾ ton pickup truck with plow for the Trees and Grounds Division, and \$150,000 from a proposed bond for the purchase of a large dump truck/sander. This replaces a truck that was so rusted out that the firewall between the cab and the engine compartment fell away while a DPW employee was driving it this year. This truck is one of the major pieces of equipment the DPW uses to sand streets during snowstorms. There is an additional \$20,000 recommended to purchase the snow plowing and sanding equipment to accompany this truck. The DPW is also recommended to receive \$15,000 of General Fund monies to combine with funds from the Water and Sewer Enterprise Funds for a total of \$30,000 to replace its emergency generator. During the October 2011 snowstorm, the existing generator at the DPW building would not function properly. Upon examination, several components of the generator failed to operate. This caused the DPW to have no communications, computers, emergency lighting, heat, or power to the fuel pumps that supply

the snowplows and other snow fighting equipment in the midst of the storm.

The Cherry Hill Golf Course will receive funds for the second of three lease payments for the purchase of a fairway mower. Last summer the Golf Course bought a new mower to replace the National Triplex mower at the golf course. The old mower had well over 10,000 hours on it and was 24 years old. It was constantly being repaired and had become increasingly expensive to maintain. The new mower was bought with a three year lease, with payments of \$14,154.13 each year and a buyout of \$1.00.

Library equipment includes an annual allocation of \$20,000 for technology infrastructure and \$5,000 for photocopier replacement. Technology acquisition and maintenance at the libraries are overseen by and coordinated with the Town's IT Department. In addition, the Committee recommends allocating \$20,000 for the purchase of 16 security cameras for the Jones Library Building.

Recommended School equipment items total \$407,650, including \$90,000 to replace one of the eight schools buses and maintain a schedule of using those buses as front line vehicles for ten years, and \$50,000 to replace a handicapped accessible van that has a chairlift. \$33,000 is recommended from repurposed former capital spending appropriations to purchase a truck used for grounds maintenance, snow removal, and crew transportation. In addition \$19,550 is recommended for multimedia audio/visual equipment, \$181,200 for computer equipment for replacement of servers, switches, desktops, printers and similar computer and networking equipment and to update and maintain the network infrastructure, \$3,900 to maintain the Schools' telecommunications infrastructure, and \$30,000 to replace three photocopiers in elementary schools.

**Buildings [Note: Included in 2012 ATM Article 17 unless otherwise noted]**

JCPC recommends a total of \$426,396 for building repairs and renovations, \$184,000 of which is funded through borrowing and \$242,396 through taxation. The most important building need is for \$85,000 to purchase and install an emergency generator at Town Hall. During the October 2011 snowstorm, Town Hall was without power and the Town phone system, internet, and Town Hall connection to 911 were not operational. This generator will maintain full functioning at Town Hall, including computers, the phone system, lighting, and heating, so crucial emergency communication systems will continue to function and Town Hall can serve as an Emergency Operations Center during severe storms or other emergencies. \$25,000 is recommended for building envelope repairs for all town buildings. The Facilities Director asked that this sum be set aside to cover the costs of unexpected repairs to roofs, HVAC units, and other items that arise during the course of the year.

The Bangs Community Center recommendation is for \$10,000 for exterior building repairs, principally for repairs to windows that no longer operate properly.

The Fire Department Headquarters, the Central Fire Station, is in need of major repairs. \$184,000 is recommended to be bonded to repair the station roof and apparatus floor. An engineering study and Health Department inspection have shown deficiencies that cannot be allowed to continue. The compromised integrity of the roof system allows water to enter

various work and living spaces throughout the building. The condition of the roof is directly related to the age and overall deteriorating condition of the Central Fire Station. This has led to ceiling damage, damage to painted surfaces, and interior air quality issues. The ceiling damage has also compromised the insulation in top floor work spaces. It is difficult to maintain a temperature range which is considered adequate for day to day activities. The repairs would entail replacing a three section flat roof, two shingle roofs and repair of a chimney. Due to age, wear and corrosion the Central Station apparatus floor has deteriorated to a point where safety concerns are elevated. A major portion of the floor is also the ceiling of a basement area. Exposure to water, chemicals, and the ever increasing weight of Fire and Rescue vehicles is steadily decreasing the structural integrity of the floor. Concrete is spalling at the surface and in the basement area. Steel reinforcement bars are exposed and corroding. Cracks in the floor allow fluids to leak through to the basement area. Fuel supply lines to the station furnace have been replaced because of fuel leaks caused by exposure to fluids leaking through the apparatus floor to the basement area. The project would entail resurfacing the floor and addressing the issues of structural integrity.

The Police Station is now 21 years old and \$20,000 is recommended for interior maintenance repairs including repairs to ceiling tiles, carpeting, and walls that have worn out. The condition of some areas has deteriorated to the point that it creates tripping and other safety hazards. This is a mission critical building and these repairs will preserve its functionality and protect the safety of the public and of the police staff working in the building.

Public Works recommendations include \$5,000 for ongoing facility improvements/repairs at the DPW Garage. This annual request is used to do capital upgrades that are unexpected and unplanned during the year. In addition, \$20,000 is recommended for security system upgrades at comfort stations at Groff Park and War Memorial Park. This system, which is integrated with existing systems at DPW buildings, the Police Department, and School buildings, will allow the DPW automatically to lock and unlock the doors to the comfort stations allowing the buildings to be locked at night to prevent people from living there. In those cases when there are special events at those locations, the buildings doors can be opened remotely to allow public access.

\$10,000 is recommended for repairs to the Hitchcock Environmental Center. The Hitchcock Center building is owned by the Town and managed by the Conservation Department. The Town is responsible for the exterior of the building while the Hitchcock Center, Inc. maintains the heating, septic, and other interior features. Deferred maintenance is very evident on the outside of the building – window sills and sections of the exterior wall are rotting. This project will replace the second floor emergency door/casing and a few windows/casings, which have also rotted. This allocation may also fund replacement of wood damaged by insects and of some gutters and downspouts.

JCPC recommends \$67,396 for various projects at school buildings, including \$5,000 for ongoing school security upgrades, such as installing replacement locks, and crash bars, location identification for police and fire, and communication systems radios and Public Address upgrades and \$5,000 for ongoing asbestos management. This year the School

Department will abate the Fort River School boiler room. \$10,000 is recommended to make modifications to and upgrade software in the 10-year-old energy management system. If this is not done, energy costs will rise due to lack of control. \$23,500 is recommended so that some of the exterior doors at the Fort River School and at the Wildwood School will be replaced; they have rotted out from exposure to the weather. \$17,000 is recommended for upgrades to the burglar alarm system so that it will notify the Police Department of the exact location of alarms, e.g., that door A3 is opened improperly. Finally, JCPC recommends \$6,896, which the School Department will use in conjunction with operating funds to pay for preliminary engineering studies to prepare plans for replacing the boiler at the Wildwood School in FY 14.

**Facilities [Note: Included in 2012 ATM Articles 15 and 17 unless otherwise noted]**

A total of \$1,238,000 is recommended for facilities needs, of which \$126,000 is funded via taxation and \$500,000 for road maintenance and repairs is funded by state Chapter 90 funds. Article 18 seeks authorization for \$612,000 of bonded indebtedness to fund the acquisition of street trees.

JCPC recommends \$50,000 for North Amherst Center studies and improvements. In conjunction with the village center rezoning plan, water improvement planning, and pending private and public development projects in North Amherst, these funds are recommended to: 1) conduct a traffic engineering study of the intersections of North Pleasant/Pine/Meadow Streets and at North Pleasant Street/Sunderland/Montague Roads and to develop preliminary plans for redesign and relocation of that latter intersection and 2) to fund public streetscape improvements and other public infrastructure improvements in association with near-term private and public development projects. Another \$40,000 is recommended for consulting services for rezoning the Gateway area and Town Center. In implementation of action steps recommended in the final report of the Gateway Corridor Project and the Amherst Master Plan, this funding request will complete visioning and the development of new form-based zoning for the Gateway Corridor area and the rest of the Town Center as a continuous center.

Public Works related items include \$30,000 to continue a multi-year project to tackle the backlog of sidewalk repairs that have accumulated. This money will be pooled with the Chapter 90 money to address the sidewalks on town streets. JCPC also recommends \$6,000 to allow the Public Works Department to re-lamp a portion of the existing streetlights each year with more energy efficient bulbs. These funds will also be used to replace existing residential lampposts in many of the older neighborhoods with underground power services.

JCPC recommends \$612,000 to be funded with a five year bond issue to support a town-wide tree planting program. Over a three year period, this program will plant a minimum of 2,000 trees along Amherst's roads, parks, commons, and schools and to prune, mulch, fertilize, and in general provide much needed plant health care to the town's public trees. Staffing for the project may be provided through two paid internships with students from the Stockbridge School of Agriculture at UMass. Trees planted along the public right of way will be sited using right tree/right place guidelines and will utilize M.G.L. Chapter 87 setback tree planting options when an appropriate site is not available within the public right of way. Trees will also be sited to maximize energy conservation around town buildings, shading of parking

areas and mitigation of storm water runoff. This appropriation will also allow the Public Works Department to acquire a truck and other small equipment to support this program.

### **Key Capital Planning Issues Going Forward**

The Five Year Capital Plan is out of balance by approximately \$1.7 million, if spending on capital remains at 6.50% of the property tax levy. The five year plan is more in balance if spending increases incrementally each year by 0.50% to reach 8.5% of the tax levy in FY 17. In addition, requested items totaling \$750,104 were completely removed from the Plan because of lack of funds. The Plan identifies several major projects on the horizon, including repairs and renovations of Fort River and Wildwood elementary schools; dredging and beach and trail improvements at Puffer's Pond; and a new fire station. Many other projects large and small will compete for scarce resources. Because Amherst's debt level is much lower than that of communities with comparably high bond ratings, larger projects might prudently be financed by borrowing, with debt repayments included in the capital plan for future years. But this will be possible only if the Town increases funding allocations to the capital budget over a period of years as recommended by the JCPC and the Finance Committee, either through increased general tax support or earmarked property tax support via a debt exclusion override. An adequately funded capital plan should be a critical component of any long-term financial plan for the Town.

### **JOINT CAPITAL PLANNING COMMITTEE**

Katherine Appy, School Committee

Carol Gray, Library Trustees\*

Emily Lewis, Library Trustees

Kay Moran (chair), Finance Committee

Doug Slaughter, Finance Committee

Rob Spence, School Committee

Diana Stein, Select Board Jim Wald, Select Board

Staff Liaisons: Sanford Pooler, Finance Director,

Sonia Aldrich, Comptroller

\* Seven JCPC members support this report. Ms. Gray voted against it and plans to submit her own report.